

## PROCEEDINGS

OF

### CERTAIN BANKS IN THE CITY OF NEW ORLEANS,

*In relation to the resumption of specie payments.*

JULY 9, 1838.

Laid on the table, and ordered to be printed.

CITIZENS' BANK OF LOUISIANA,  
*New Orleans, June 28, 1838.*

I am instructed to communicate to you the accompanying extracts from the minutes of the proceedings of the direction of this institution, and of the board of presidents of the banks of this city, in reference to the resumption of specie payments by said banks.

I am, with great respect,

Your obedient servant,

J. B. PERRAULT,

*Cashier.*

Col. R. C. NICHOLAS,  
*Senate of the United States.*

*Extract from the minutes of the meeting of the Board of Directors of the Citizens' Bank of Louisiana, of 21st June, 1838.*

"A copy of certain resolutions adopted by the presidents of the banks of this city at a special meeting held on the 16th instant, recommending the resumption of specie payments on the 1st Monday in January next, provided the Bank United States of Pennsylvania should consent to furnish a general currency, was communicated by the president; whereupon it was unanimously resolved,

"1. That these resolutions be rejected, and that application be made for a copy of the minutes of said meeting of the 16th instant.

"2. That a committee, composed of Messrs. P. J. Tricou and V. Patin, be appointed to report the reasons for rejecting said resolutions."

*Extract from the minutes of the meeting of the Board of Presidents of the banks of the city of New Orleans, on the 16th June, 1838.*

NEW ORLEANS, June 16, 1838.

On the requisition of Messrs. Forstall, Lavergne, Minturn, Peters, and Milligan, an extra meeting of the board took place this day. Present: Messrs. Milligan, Lavergne, Burthe, Breedlove, Barthet, Vignié, Magoffin,

Peters, Hodge, Minturn, Yorke, Hewes, Hopkins, Forstall, Story, and Justamond.

The secretary laid before the board the requisition calling upon him to convene the meeting, which was read, as follows :

"The time having, in our opinion, arrived when it becomes the duty of the banking institutions of this city to prepare for an early resumption of payments in specie, be pleased to call an *extra meeting* of the presidents of said institutions for Saturday next, the 16th instant, at 12 o'clock, for the purpose of taking this important matter into their earnest consideration.

"E. J. FORSTALL," &c. &c.

After which Mr. Forstall offered, for the adoption of the board, the following resolutions :

*Resolved*, 1, That a committee, to be composed of members, be named, for the purpose of reporting, at the next ordinary meeting of this board—

1st. The banking condition of each bank, and its relative position with the other institutions of this city.

2d. Its active means—its passive means.

3d. Such rules as may be necessary to effect a complete settlement between the banks previous to a resumption of specie payments.

4th. Such rules as may be necessary to insure uniformity in the operations of the banks after the resumption, and a weekly exchange of paper, and settlement of accounts between them.

*Resolved*, 2, That at the next ordinary meeting of this board, the day for the resumption of specie payments by the banks of this city shall be fixed, which day shall not be beyond the 1st of January proximo.

On motion, it was resolved, that these resolutions be laid upon the table, subject to the call of the board.

Whereupon, Mr. Hewes offered the following resolution :

"*Be it resolved*, That all discussions upon the subject of a resumption of specie payments be for the present postponed;" and the yeas and nays being taken, it was found that Messrs. Hewes and Breedlove had voted in the affirmative, and that Messrs. Story, Laverne, Burthe, Barthet, Vignie, Justamond, Peters, Magoffin, Hodge, Minturn, Yorke, Hopkins, Forstall, and Milligan had voted in the negative. The resolution was accordingly lost.

Mr. Peters then offered the following preamble and resolutions :

Whereas, in the opinion of the board of presidents of the banks of New Orleans, the recent change in the policy of the Government, in relation to the currency of the country, and the probable resumption, at an early period, by the banks of the principal cities of the north, in consequence thereof, the resumption of specie payments by the banks of Louisiana will be rendered practicable : And whereas, it is also their opinion that in resuming their payments in specie, the banks should be guided by the condition of the country generally, and by that of the southwestern section of the United States in particular, and that in their endeavors to attain an object so desirable they should carefully avoid causing unnecessary embarrassment by precipitate action, keeping steadily in view that the interests of the community, as well as the safety of the banks, require that such resumption of specie payment should be permanent :

1. *Be it resolved*, That, in the opinion of the board of presidents of the banks of New Orleans, the 1st Monday in January next should be fixed on as the time of resumption of said banks, provided that the United States

Bank of Pennsylvania, through its agency in this city, will furnish a general currency until the establishment of a national bank, or until some other remedial measures be adopted or sustained by the Government in relation to the currency, as will insure the country and the banks against the deplorable consequences of a second suspension of specie payments by the Government and the banks.

2. *Be it further resolved*, That a committee of three be appointed to correspond with the president of the United States Bank of Pennsylvania, on this subject; said committee to report to the board the result as soon as practicable.

3. *Be it further resolved*, That these resolutions be submitted to the directions of all the banks of this city for their consideration and concurrence.

Which Mr. Breedlove proposed to amend by striking out all that part of the first resolution which follows the word "provided;" and upon the yeas and nays being taken, Messrs. Story, Breedlove, Hewes, and Forstall voted in the affirmative, and Messrs. Lavergne, Burthe, Barthet, Vignié, Justamond, Peters, Hodge, Minturn, Yorke, Hopkins, Magoffin, and Milligan in the negative. The amendment was accordingly lost.

Mr. Forstall then proposed to amend the said first resolution, by striking out the words "provided that the United States Bank of Pennsylvania, through its agency in this city, will," and substituting the words "and that the United States Bank of Pennsylvania be invited to;" and upon the yeas and nays being taken upon this amendment, Messrs. Story and Forstall voted in the affirmative, and Messrs. Lavergne, Burthe, Breedlove, Barthet, Vignié, Justamond, Peters, Hodge, Minturn, Yorke, Hewes, Hopkins, Magoffin, and Milligan in the negative. The amendment was therefore lost.

The question being then put whether the original preamble and resolutions do now pass, and the yeas and nays taken, it was found that Messrs. Story, Lavergne, Burthe, Barthet, Vignié, Justamond, Peters, Hodge, Minturn, Yorke, Hopkins, Magoffin, and Milligan voted in the affirmative; and that Messrs. Breedlove, Hewes, and Forstall voted in the negative. The preamble and resolutions were accordingly adopted. Upon which, Mr. Forstall desired to have it recorded that he voted in the negative, "because he is of opinion that the banks of this city ought to resume specie payments on the 1st of January next, unconditionally."

Messrs. Peters, Lavergne, and Story, were appointed to serve as a committee to correspond with the President of the United States Bank of Pennsylvania; and, on motion, it was ordered that the preamble and resolutions, adopted by the board, be published in the city gazettes. After which, the meeting adjourned.

A true copy of the proceedings.

CHAS. BRIGGS, *Secretary*.

*Extract from the minutes of the meeting of the board of directors of the Citizens' Bank, on the 27th June, 1838.*

The committee to whom were referred the proceedings of the board of presidents, in their extra meeting of the 16th instant, beg to report, that they fully approve the course taken by the president of this bank at the said extra meeting, and they deem it their duty to offer the following resolutions,

that the opinions of this board respecting our present banking condition may be well understood :

1st. That, in the opinion of this board, the extraordinary derangement in our domestic exchanges is the natural consequence of the suspension of specie payment ; that, to attribute it to the contrary proposition, would be taking the effect for the cause ; that, were the trade suddenly deprived of its standard of measures and weights, the same derangement would exist in the exchange of commodities ; that the removal of the cause is the only remedy to an evil so demoralizing in its effects.

2d. That the resumption of specie payment throughout the States would at once afford the legitimate and only regulator of domestic exchanges, which would be then in proportion to the cost of transmission of the precious metals from place to place ; that another great benefit to be derived from the resumption, would be the returning into circulation of upwards of seventy-five millions of specie, rendered a dead weight by the suspension.

3d. That, from data furnished by the banks of this city, it appears that their out-door circulation amounts to \$5,700,000 ; that they hold \$3,000,000 of specie, upwards of \$2,000,000 of New York and European funds, \$7,000,000 of Louisiana 5 per cent., and \$51,700,000 of bills receivable ; and that nothing but a want of concert of action can prevent an early resumption of specie payment by said banks.

4th. That, to attain so desirable and creditable an end, this bank is disposed to place the whole of its surplus active means at the disposal of such of the other city banks as may require them.

5th. That this city being the only outlet to more than one-half of the whole of the foreign exports of the United States, and possessing thereby more elements of banking and exchange than any other in the Union, it behoves her to set the example, and not to be a looker-on until coerced into a measure so essentially vital to its best interests.

6th. That the drain, so apprehended by many, for the western country, may be easily met by timely arrangements with the western banks for a deposit of their paper, to be covered, as issued, by eastern funds ; that, for this purpose, a correspondence should be entered into with said banks, and every means be taken to avoid the unnecessary transportation of the precious metals, which, when boxed up and in transit, diminish, pro tanto, the circulation.

7th. That, in the opinion of this bank, the most suitable time for a resumption is the dead season, say August or September, that the public may gradually be accustomed to said resumption, previous to the receipt of the next crop.

8th. That, in order to insure a uniformity of action between the banks, the resolutions offered by the president of this bank, at the extra meeting of the board of presidents on the 16th instant, are earnestly recommended.

In conclusion your committee beg leave to remark that, in their opinion, the first duty of a bank of circulation is to protect its emission. To do this effectually, its circulation must be at all times within its control. This control it can hardly retain if, instead of discountenancing, it courts the exchange of our paper payable here, for paper payable out of the State, the mode of reimbursement of which is left at the option of the moneyed institutions issuing them. As to balances created in favor of other States, arising from the sale of produce, these can be easily met : for the produce which accumulates here from the interior States, and which amounts to up-



wards of \$60,000,000 per annum, is not bought with the funds of our banks, but with such funds as are brought here chiefly from Europe or the east, in merchandise, credit, or specie. It may be well here to remark, that of the above amount, at least \$25,000,000, including the profits arising from its transit trade, belong to this State. If, instead of calling the currency of the eastern States to our city, the notes of the interior and western banks were used as recommended in the sixth resolution, to meet the wants of traders, and these notes covered, as issued, by eastern funds, which can at all times be created by means of foreign bills, exchanges would soon be operated in the valley of the Mississippi, without having recourse to the transportation of specie, further than the amount required as a basis. There would be as much truth in asserting that wealth is poverty, as there is in attributing the difficulty of the resumption of specie payments in this place, to the annual receipt here of \$60,000,000 of the products of the soil. The currency in Europe being gold and silver, and our cotton and tobacco being chiefly consumed in Europe, cotton and tobacco can always be made to represent specie. With such a lever in our hands, nothing but ignorance or mismanagement can prevent New Orleans from taking the lead in exchanges.

A true copy.

J. B. PERRAULT, *Cashier.*

